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TREASURY FOR DPETERS/SEVERENS

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SUBJECT: SPECULATIONS REGARDING NGOZI'S RESIGNATION

REF: ABUJA 2002

Classified By: A/POLITICAL COUNSELOR HEATHER C. MERRITT FOR REASONS 1.4
(B) AND (D)

¶1. (U) As reported reftel, Nigerian Foreign Minister Ngozi Okonjo-Iweala tendered her resignation on August 3. This follows her unexpected redeployment June 21 from the Ministry of Finance to Foreign Affairs and the surprise announcement August 2 that she would no longer head President Obasanjo's Economic Team. Minister Okonjo-Iweala learned that she was no longer head of the Economic Team while in London working on a debt deal with the London Club. She was reportedly shocked and humiliated. According to press accounts, Ngozi returned to Nigeria on August 3 and immediately delivered her resignation to the President. Her letter cites a "compelling need to take care of pressing family issues." When interviewed on Nigerian television August 3, Ngozi reiterated that she was leaving government service for "family reasons" and described her experience in government as "wonderful." In a press statement, President Obasanjo "reluctantly" accepted Ngozi's resignation and praised her "unparalleled patriotism, dedication, and loyalty." He also lauded her for achieving debt relief.

¶2. (C) Finance Minister Esther Nenadi Usman reportedly complained to President Obasanjo earlier this week that the international financial institutions continued to communicate with the GON through Okonjo-Iweala, thus undermining Usman's authority at the Finance Ministry. Usman reportedly complained that she had not yet been invited to the upcoming IMF/World Bank annual meeting. President Obasanjo was reportedly angry at this news and decided to immediately relieve Ngozi of her role as head of Economic Team. An IMF team that visited Abuja two weeks ago reported to U.S. Treasury staff that there has been tension between Ngozi and her Usman regarding who would head the Nigerian delegation to IMF annual meeting in Singapore.

¶3. (U) The Nigerian press is rife with speculation about the reasons behind Minister Okonjo-Iweala's abrupt departure from government. One line of thinking is that President Obasanjo is jealous of Ngozi's popularity with the international community. Some commentators allege that the President felt she was stealing the credit for Nigeria's economic reforms/reforms which he sees as his legacy. Other accounts say that Obasanjo was unhappy that Ngozi aired the government's dirty laundry in public. In July, Okonjo-Iweala told the press that she uncovered a major fraud at the Foreign Ministry. The sum of \$4.6 million was allegedly transferred to the International Sea Bed Authority in Jamaica in March 2006, when only \$22,000 was due. The Presidency however dismissed Ngozi's claims that this was corruption and instead attributed the overpayment as a simple error. The

Villa publicly exonerated the former Foreign Minister, Ambassador Olu Adeniji. There are also allegations circulating that President Obasanjo was angry that Ngozi didn't do more to refute claims of government corruption. An article in the Economist several weeks ago speculated that the President moved Okonjo-Iweala to facilitate his government looting the treasury before leaving office. Obasanjo reportedly was angry that Minister Okonjo-Iweala made no rebuttal to the Economist article.

¶4. (U) Governor Orji Kalu of Abia State says in the Vanguard newspaper that Okonjo-Iweala resigned at the "instigation of U.S. policymakers." Governor Kalu asserts that Ngozi was moved from Finance to Foreign Affairs so that the current government could more easily steal from the public coffers. He further alleges that "policy makers in Washington in the State Department and the White House" were unhappy with Okonjo-Iweala's redeployment to Foreign Affairs and that the USG urged her to resign. Kalu congratulated Ngozi for resigning from what he termed "a corrupt government."

¶5. (C) COMMENT: Post still has more questions than answers about the sudden departure of this key member of cabinet; perhaps, most importantly, who will replace Ngozi as Foreign Minister? It is too soon to say whether or not Ngozi's resignation is simply the result of an interpersonal conflict with the President or whether it signals a change in the GON's policies. One important test will be the behavior of other reformers, such as Charles Saludo and Oby Ezekwesili.

End Comment.

CAMPBELL